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WTO DELEGATES DEBATE DRAFT MINISTERIAL STATEMENT

WTO delegates last week met to hammer out a statement for the May 18-20 WTO ministerial meeting. Members sparred over a few issues, most especially over whether new areas could be added to the WTO's built-in work agenda and over when preparations will begin for negotiations on agricultural and services liberalization.

Members also disagreed on whether to include formal mention of a proposed round of new comprehensive trade talks, or the so-called Millennium Round. The EU, Australia and New Zealand urged that the ministerial statement include a call for such negotiations to start after 1999. The draft ministerial statement drawn up by WTO Director General Renato Ruggiero calls for members to be prepared to work on the WTO built-in agenda regarding agriculture and services, as well as "any additional subject matter proposed by Members." This language is reportedly satisfactory to a number of WTO members including the U.S., Japan and Canada that feel the draft-language offers enough flexibility to work toward negotiations in other areas without alienating members opposed to moving beyond the built-in agenda.

Members also disagreed on whether to include a "positive mention" of regionalism as an important part of the multilateral trading system: the EU pushed for such a mention, while Southeast Asian nations and others opposed such language.

A group of developing countries led by India, Pakistan and Egypt said they wanted the ministerial statement to focus mainly on the implementation of the Uruguay Round agreement. The group also demanded that the ministerial statement include mention of their position that, thus far, developed countries have enjoyed most of the benefits of trade liberalization under the WTO.

Further, the group said they had "no enthusiasm" for broadening the scope of upcoming negotiations to include investment, competition, procurement or other areas. However, it was reported last week that India is willing to be flexible on the issue of a broader agenda. "India will be less defensive, unlike in earlier meetings, and seek adoption of an agenda which will be beneficial to developing countries as a whole," according to Indian officials. Officials indicated that India would pursue quid pro quo discussions with developed countries to build a favorable agenda.

The EU has been charged by the European Parliament to use the May ministerial to seek "a binding declaration or decision to give political momentum" to resolving environmental and social issues in trade. Environmental and social linkage to trade were divisive issues at the 1996 WTO ministerial in Singapore. One European official commented that the May ministerial is an important opportunity to make progress on these issues as "an opportunity missed on this occasion would likely postpone matters until the year 2000."

The May 18-20 ministerial is being held in conjunction with a 50th anniversary celebration of the General Agreement on Tariffs and Trade (GATT). Many world leaders are expected, including Prime Ministers Tony Blair of Britain and Romano Prodi of Italy, European Commission President Jacques Santer and heads of state from Switzerland, Brazil, Norway and Singapore. U.S. President Bill Clinton has not yet confirmed his attendance. His decision may be pending rumors that Fidel Castro could show for the jubilee: Cuba is a founding-member of GATT and as such his attendance would be entirely appropriate.

"WTO members spar over elements of draft ministerial," INSIDE U.S. TRADE, May 8, 1998; "EU Parliament seeks progress at WTO on environmental and social matters," INTERNATIONAL TRADE REPORTER, May 6, 1998; "India to go into attack mode at WTO meet," ECONOMIC TIMES, May 5, 1998; "Castro said likely to attend Geneva summits in May," REUTERS, May 7, 1998; "Guest list for Geneva GATT anniversary party grows," REUTERS, May 6, 1998.

INDIA TO JOIN PARIS CONVENTION

Confirming India's renewed momentum toward strengthening its intellectual property protection, it was reported that India would soon join the Paris Convention on intellectual property rights. The move is intended to extract maximum benefits from international conventions by providing Indian scientists and firms patent trademark protection in all member-countries.

Joining the Paris Convention--an agreement administered by the World Intellectual Property Organization (WIPO)--means India is also eligible to join the Patent Cooperation Treaty, the Trademark Law Treaty and the Madrid Agreement on Trademarks. India will also be eligible to participate in the Berne Convention on Copyrights, the Budapest Treaty on Deposit of Microorganisms, the Lisbon Treaty on Geographical Indicators and the UPOV Convention on Plant Breeders Rights.

The latter treaties on geographical indicators and biological resources are particularly important to India as it seeks to protect such geographically branded products as Darjeeling tea and Alphonso mangoes, or perhaps any one of the 5,000 flowering plants unique to India and heavily sought after by foreign firms. Becoming a party to these treaties will help India compete more effectively in the estimated US\$200 billion annual market for bio-products.

Indian officials said that by virtue of its signing the WTO agreement on Trade-Related Aspects of Intellectual Property (TRIPs), India was already abiding by the Paris Convention without getting any of the benefits. India had tried to join the Paris Convention in 1992, but domestic political battles made it impossible for India to reform its intellectual property laws to bring them in line with the Convention.

In other news, Indian Commerce Secretary P.P. Prabhu last week attacked the EU and U.S. for their restrictive import policies. Speaking at a seminar of the Foreign Trade Association in Brussels, Mr. Prabhu accused the EU and U.S. of maintaining non-tariff barriers to restrict access for textiles,

consumer goods, sporting goods and medicines. Mr. Prabhu said the EU and U.S. have imposed "undue obligations" on developing countries in areas like services while refusing to grant better market access for traditional exports like textiles.

Joining Mr. Prabhu was the director of China's Ministry on Foreign Trade and Economic Cooperation, Miaomiao Shi. Mrs. Shi told seminar participants last week that both the EU and U.S. have "imposed quota restrictions on additional [textile and clothing] items and reduced annual growth rates of existing quotas since 1994." Mrs. Shi said this resulted in a fall in China's crucial textile and clothing exports.

Also last week, Indian officials commented on India's economic outlook in the wake of the Asian financial crises and an overall fall in world trade. The Indian rupee value against the U.S. dollar has held down exports in competition with cheaper exports from India's Asian neighbors. During the period April 1997-March 1998, India's exports grew by a marginal 2.64 percent over the same period in 1996-97. Imports rose by 5.79 percent in 1997-98 over 1996-97. Commerce Minister Ramakrishna Hegde remained confident last week that India's exports would grow by 20 percent in 1998-99. "We have put an export target of 20 percent and we will achieve it," Mr. Hegde said.

"India to change patent law, but guard interests;" "India trade victim of world slump, S.E. markets," REUTERS, May 6, 1998; "India, China blast EU, US for double standards;" "India to join Paris forum to fortify patent front," ECONOMIC TIMES (India), May 7, 1998.

U.S. BAITS HOOK IN SHRIMP DISPUTE; ADMINISTRATION FILES CHALLENGE TO SHRIMP IMPORT BAN IN COURT

The U.S. last week issued its list of countries that meet U.S. requirements for turtle conservation in shrimp harvesting and are thus eligible to export shrimp to the U.S. market. The list signaled possible U.S. intention to maintain its disputed shrimp import ban despite an interim WTO ruling that the U.S. ban violates international trade rules with regard to non-discriminatory treatment of imports.

The U.S. ban targets shrimp imports caught without the use of so-called turtle excluder devices (TEDs). (TEDs allow sea turtles to escape from nets cast to harvest shrimp.) If upheld by a final WTO panel, the ruling would force the U.S. to lift the discriminatory measure that is based on its Endangered Species Act and requires that all imported shrimp be certified as caught with this particular method of TEDs to protect sea turtles.

India, Pakistan, Malaysia and Thailand brought the case against the U.S. ban to the WTO. All but Thailand were absent from last week's list of approved shrimp exporters to the U.S. Thailand had the ban lifted by the U.S. in 1996 after ensuring that its fleet was equipped with TEDs; it has stayed in the case to defend the principle that one nation's values and laws should not be extended and applied to others.

In addition, Brazil and Venezuela were dropped from the list of approved countries after the State Department found that the countries were not enforcing their own laws aimed at protecting sea turtles.

Thailand and Malaysia brought the case to the WTO after the U.S. instituted the ban in 1996, and were later joined by Pakistan and India. The ban is widely seen by many countries in the trade system as an application by the United States of domestic environmental laws outside its borders. The U.S. maintains that the protection of the environment-- and especially of endangered species such as the sea turtle--is a global concern.

The U.S. has not yet decided whether to appeal the WTO ruling on the basis that the WTO allows for exceptions to its rules to protect natural resources. A spokesman for the U.S. Trade Representative said the U.S. was considering whether to keep the law in place and accept the trade-retaliation measures that the WTO allows, e.g. compensation for lost trade. Meanwhile, the Clinton Administration has filed a challenge to the import ban in U.S. courts arguing that the law sets an overly broad standard for turtle protection.

Whatever the outcome, the shrimp-turtle dispute has highlighted the need for stepped-up efforts to address trade and environmental issues at the WTO. U.S. and international business groups have proposed that WTO member-countries imposing unilateral actions to defend against a direct threat to a living organism be given three years to reach a multilateral solution to the problem. During the three years, countries adopting the multilateral solution would not be required to pay compensation to trading partners or be subject to retaliation.

"U.S. may insist on keeping disputed shrimp law," FINANCIAL TIMES, May 6, 1998; "Trade and environment, let's talk," JOURNAL OF COMMERCE, April 29, 1998; "US keeps India off shrimp import list," ECONOMIC TIMES, May 8, 1998; "State Department makes decisions on shrimp imports despite WTO ruling," INTERNATIONAL TRADE REPORTER, May 6, 1998.

ACCESSION UPDATE: TAIPEI-CHINA (TAIWAN)

The working party on Taipei-China's (Taiwan) accession to the WTO met last week in Geneva to discuss the island's application for membership. The working party last met in February 1997: between then and last week Taiwan has worked out a number of bilateral agreements with WTO members, most notably concluding a bilateral agreement with the U.S. earlier this year. WTO members have generally agreed that Taiwan would not be admitted to the trade organization before China. China considers Taiwan a renegade province and has demanded that Taiwan not be granted membership prior to China's accession. Taiwan's progress in its WTO bid has gone more rapidly than China's however, as China and its major trading partners remain divided on a number of pivotal issues.

Taiwan's trade negotiators last week met as well with trade officials from the EU and Switzerland to work out separate bilateral agreements as part of its accession bid. The EU wants the same concessions that Taiwan granted to the U.S., which include higher auto import quotas and lower tariffs on compact cars. Switzerland is reportedly seeking clarification with regard to registering foreign-manufactured pharmaceuticals, as well as pursuing relaxed restrictions on foreign ownership of transportation and telecommunications firms.

"Taiwan negotiators to meet in Geneva to push WTO entry," AGENCE FRANCE- PRESS, May 4, 1998; "Taiwan to sign trade pacts with Switzerland, EU," DOW JONES NEWSWIRE, May 5, 1998.

INTERNATIONAL BANANA CONFERENCE FOCUSES ON SUSTAINABILITY

As the EU met with African, Caribbean and Pacific (ACP) leaders last week (see related story in this issue), nothing new emerged on the future of the EU's banana import regime. The EU has put forward a proposed banana import regime in response to a 1997 WTO ruling which found that the EU system of granting marketing licenses and quotas discriminates in favor of imports from ACP nations and four Latin American countries: Colombia, Venezuela, Costa Rica and Nicaragua. ACP banana- producers are

keeping a wary eye on the future of their industry as the U.S., Ecuador, Mexico, Honduras, Guatemala and Mexico continue to oppose the revised EU-plan.

The Windward Island nations rely on banana exports for over 50% of their revenue each year. The EU has pledged to assist with aid and technical assistance to help diversify their economies. Caribbean leaders were on the road in the U.S. May 1 meeting with business leaders and politicians to develop potential trade and investment opportunities. Leaders from the Black Caucus of U.S. congressional members are expected to travel to the Caribbean in November.

In Brussels last week over 30 delegates attended an International Banana Conference aimed at creating a sustainable banana trade with higher environmental and social standards. Banana workers, small farmers, industry officials, officers from the major multinational banana producers and policy makers all converged in Brussels for three days of talks, which yielded a Draft International Banana Charter. The charter called for a sustainable banana economy that reflects the social and environmental costs of banana production. It called as well for WTO agreements to include provisions guaranteeing basic social and environmental standards, including the minimum labor standards outlined by the International Labor Organization. The charter also called for the continuation of preferential market access to the EU market for ACP countries, but said that any premium achieved by ACP banana imports should be invested back into sustainability initiatives.

Some conference attendees distanced themselves from the draft charter, saying it does not go far enough. Colombian Banana Producers Association President Fernando Devis Morales said the charter lacks mention of important issues such as fighting corruption in banana markets and countering drug trafficking. Conference organizers responded that the charter was not intended to be a complete agreement but merely a starting-point for discussion and agreement where possible. The conference attendees did not adopt the charter.

"International Banana Conference- Final Press Statement," May 6, 1998; "U.S.-Caribbean meet aims to diversify banana exports," REUTERS, May 1, 1998.

ACP ACCUSES EU OF FOREIGN DICTATION

EU officials and ministers from African, Caribbean and Pacific (ACP) countries met in Barbados last week for an EU-ACP summit focusing on upcoming negotiations for Lome V, the successor trade and aid agreement to the current Lome IV Convention between the EU and 71 ACP nations. ACP leaders criticized the EU prior to their meeting, accusing it of "foreign dictation," by attempting to enlist ACP nations in political regimes which "will bind [ACP nations] contractually to the observance of certain standards of social and political conduct," according to one ACP official. Some ACP leaders are unhappy with EU attempts to impose European social and political standards as a contingency for Lome benefits. The EU argues that it is merely suggesting mechanisms that facilitate a "development model that guarantees human rights and social progress."

EU and ACP leaders are at odds as well over EU proposals to negotiate a number of regional agreements with ACP nations, rather than one comprehensive accord. ACP leaders hold that this "divide and conquer" approach would debilitate the collective ACP negotiating power. Jamaican Prime Minister Percival Patterson said ACP solidarity would be "compromised and shattered" if the EU pursues regional accords. Mr. Patterson stated further that ACP solidarity was "non-negotiable." Cuba attended the EU-ACP meeting as an observer. Cuba has requested to join the group of ACP nations in order to benefit

from the Lome agreement. ACP nations have asked Cuba to adopt ACP rules on "political dialogue" before being admitted to the group. Cuba said it wants to join the ACP group but cannot accept its political conditions, which include among other things freedom of the press. "Regarding our incorporation in any international body ... Cuba does not accept any political conditioning that has to do with the internal affairs of our country and I don't see any possibility of Cuba being drawn into something that has a regional conditionality," according to Cuba's ambassador to Jamaica Elvina Santos.

"EU accused of trying to dictate to ACP nations," FINANCIAL TIMES, May 5, 1998; "Cuba will not accept conditionalities," THE HERALD (St.Vincent-Grenadines); "Bananas, Cuba top agenda at EU-ACP meet," AGENCE FRANCE-PRESSE, May 6, 1998.

G-15 MEET; POLYNESIAN ISLANDS BOND; IMF REVIEWS EGYPT

Leaders from the so-called Group of 15 (G-15) nations met last week in Cairo where the focus was to be on the fallout and recovery from the financial crises in Southeast Asia. The G-15 is comprised of Argentina, Algeria, Brazil, Chile, Jamaica, Kenya, Nigeria, Zimbabwe, Senegal, India, Indonesia, Malaysia, Mexico and Venezuela. The G-15 was to focus on maintaining and growing exports in the wake of the Asian crises as well as the potential contraction of investment flows to developing economies. The G-15 was expected to discuss ways to ensure that developing nations' needs and concerns are better addressed within the WTO. The G-15 was to pay special attention to the issue of patent protection to protect biological resources, as well as the need for closer trade relations between G-15 members.

At the same time, the small economies of Samoa and the Cook Islands are moving closer toward establishing trade links with each other as part of a larger initiative to forge a Polynesian free trade agreement. The countries will begin to review import-tariffs to facilitate more trade between the two countries. Former Cook Islands Prime Minister Sir Thomas Davis favors a Polynesian Economic Community and noted his support for the two countries' moves toward closer economic cooperation, saying both Samoa and the Cook Islands have too long "fought its economic battles alone and often not too successfully."

Officials from the International Monetary Fund (IMF) were in Cairo last week as well, having released a study on Egypt's economy. Howard Handy, Assistant Director of the IMF Middle Eastern department, praised Egypt for its progress on IMF-backed reforms. Egypt has slashed inflation to about four percent in 1998 down from 20 percent in the early 1990s, and cut its fiscal deficit to below one percent of Gross Domestic Product. Egypt has also embarked on an ambitious privatization plan that is expected to be complete in the next two years. Egypt's privatization efforts led to Mr. Handy's assessment that "Egypt is among the top four emerging markets in terms of the pace of privatization."

The IMF study had stern words however with regard to Egypt's protective trade measures, which the IMF identified as the reason why non-oil exports from Egypt have remained relatively unchanged since the early 1990s. "What is of immediate concern, the real issue, is to open up the economy, which can give a shot in the arm to exports." For the period July 1996 -June 1997 the ratio of Egypt's exports to imports in dollar value was US\$4.93 billion: US\$14.72 billion. Egyptian Public Enterprise Minister Atef Obeid responded to the IMF concerns, saying, "Our policies are clear. We are going to liberalize trade. There is a timetable for the liberalization of trade and this timetable is highly respected."

"IMF urges Egypt to liberalize trade further," REUTERS, May 5, 1998; "Poor nations to meet in Cairo to discuss Asia meltdown," DOW JONES, May 4, 1998; "Pacific nations struggle to make freer trade a reality," AGENCE FRANCE-PRESSE, May 3, 1998.

EVENTS/RESOURCES

NGO Events during the WTO Ministerial, 18-20 May 1998, Palais des Nations, Geneva:

CIEL: -"Relationship between trade rules and voluntary and compulsory labelling schemes," May 18, 14-16 pm, Room C-3

Friends of the Earth US: -"Reflections on the 50th Anniversary of the World Trade System," May 19, 12-14 pm, Room C-3

Genetic Resources Action Int'l/GAIA Foundation: -"Sui Generis Options and the TRIPs revision," May 19, 10-12 am, Room C-3

ICDA: -Daily Meeting, 9-10 am, Room C-3 -May 18, 18-20 pm, Room F-3 -May 19, 13-15 pm, Room F-3

ICFTU: -Briefings, May 18 and 20, 10-11 am, Room F-3

ICTSD/TWN: -Daily Briefing, 8-9 am, Room XII

ICTSD (in association with other NGOs): -"TRIPS and Sustainable Development," May 18, 14-16 pm, Room A-206 -"Trade, Agriculture and Sustainable Development," May 19, 9-11 am, Room A-206 -"Competition Law and International Trade," May 20, 9-11 am, Room A-206 -May 20, 14-15 pm, Room A-206

INZET/WEMOS: -"WTO and LDCs, LDCs and Consumer Protection," May 19, 11 am- 13 pm, Room A-206

IUCN: -"Trade and Biodiversity," May 18, 16-18 pm, Room A-206

National Wildlife Federation: -May 20, 13-15 pm, Room F-3

SEATINI/ISGN: -"Briefings on Ministerial Meetings and follow-up strategy," May 19, 14- 18 pm, Room XXVI

SOLIDAR: -"Labour Standards, Trade, and Development," May 18, 16-18 pm, Room F-3 -"Alliances-NGOs / Trade Unions," May 20, Room XII

TWN: -"Key issues facing the WTO Ministerial Conference," May 18, 14-16 pm, Room XII -"Reviewing the WTO Agreements and Problems of Implementing Them," May 19, 9-11 am, Room XII -"The Future of the WTO: Defining Issues and NGO Activities," May 20, 11 am-13 pm, Room XII

Transnational Institute: -May 18, 12-14 pm, Room C-3

WWF: -"Addressing trade disputes with social and environmental effects in the WTO," May 18, 14-16 pm, Room F-3 -"Assisting the social and environmental effects of WTO trade liberalization," May 19, 15-17 pm, Room F-3

For further information, please contact the ICTSD tel: (41-22) 979-94- 92 and/or Peter Pedersen, World Trade Organization, External Relations Division, tel: (41-22) 739-58-48.

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